

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-1

This is the first in a series of Single Process Initiative (SPI) information sheets. These information sheets are intended to facilitate implementation of SPI and are for internal use by Defense Contract Management Command (DCMC) personnel.

(For Information Only - Not Official Policy)

THE SINGLE PROCESS INITIATIVE

BACKGROUND: On December 8, 1995, Secretary of Defense William Perry and Under Secretary of Defense for Acquisition and Technology Paul Kaminski announced implementation of the Single Process Initiative (SPI). SPI transitions contractor facilities from multiple government-unique management and manufacturing systems to the use of common, facility-wide processes. Using a **"block change" modification approach, SPI unifies requirements in existing contracts on a facility-wide basis**, rather than on a contract-by-contract basis.

The role of DCMC and its Administrative Contracting Officers (ACOs) is crucial to the success of SPI. Secretary of Defense Perry directed that the ACO assigned to a facility be the single point of contact for this effort. ACOs will lead the coordination and negotiation of contract modifications (Block Changes) to existing contracts for contractor concept papers/proposals. The contractor must propose and substantiate SPI common processes. However, industry, the military services, the Defense Contract Audit Agency (DCAA), and DCMC must work together and work quickly to take advantage of this initiative,

SPI is the key to DoD Acquisition Reform efforts: it provides a method to implement acquisition reform goals in contracts today. It is intended to reduce contractor operating costs and achieve cost, schedule, and performance benefits for the government. The benefits of SPI are more efficient, consistent, stable processes: with greater ease of contract administration for both contractor and government; and savings for the taxpayer.

AUTHORITY AND IMPLEMENTATION DIRECTION: Authority and implementation direction for this initiative is provided in:

1. SECDEF memo, Common Systems/ISO-9000/Expedited Block Changes, December 6, 1995;
2. USD(A&T) memo, Single Process Initiative, December 8, 1995;
3. DCMC memo, Adoption of Common Processes at Defense Contractor Facilities, December 11, 1995;
4. ASA(RD&A) [Army] memo, Common Process Facilities Initiative, December 21, 1995;
5. SAF(AQ) [Air Force] memos, Common Systems/ISO-9000/Expedited Block Changes, January 3, 1996, and Implementation of the Single Process Initiative, March 20, 1996;
6. ASN(RD&A) [Navy] memo, DON Implementation of Department of Defense Policy on Single Process Initiative, February 5, 1996;
7. DCAA memos, Participation in the Common Process Initiative, January 30, and February 16, 1996;
8. DLA-MMPOA memo, Adoption of Common Processes at Defense Contractor Facilities, February 29, 1996.

BLOCK CHANGE MANAGEMENT TEAM: A Block Change Management Team has been established at DCMC Headquarters in Fort Belvoir, Virginia , to assist ACOs and other DCMC functional specialists in the review of contractor concept papers/proposals. The team includes representatives from the Office of the Secretary of Defense, Military Departments, Defense Logistics Agency, Defense Contract Audit Agency and Office of the DoD Inspector General. Team members are listed below:

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Area code is "703" unless otherwise stated.

As was stated earlier, this is the first in a series of SPI information sheets. We will issue several more in the next few weeks to provide information on a number of topics related to this initiative. Please circulate widely. Please contact me at (703) 767-2471, or any team member listed above, if you have any questions concerning the Single Process Initiative.

(Signed)
JAMES L BAUER
 Team Leader
 Block Change Management Team

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-2

This is the second in a series of Single Process Initiative (SPI) information sheets. These information sheets are intended to facilitate implementation of SPI and are for internal use by Defense Contract Management Command (DCMC) personnel.

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GUIDELINES FOR PREPARING A CONCEPT PAPER

Open communication is the key to preparing a successful concept paper. Before pen is put to paper, there should be open discussion between the contractor, the customer, Defense Contract Audit Agency (DCAA), and the DCMC Contract Administration Office (CAO) to explore the viability of the proposed change.

It's important to note, up front, that Government representatives should encourage and help the contractor with development of the concept paper. However, it is up to the contractor to prepare and submit concept papers.

Concept Papers should be brief, yet definitive. There is no specified page count, generally they have run four to five pages in length. Concept papers should specifically identify the existing contractual requirement that is to be replaced or modified. Papers should also identify contracts and customers impacted if the paper is approved. When the contractor submits the concept paper to the CAO, each respective customer Program Executive Officer or Program Manager (or designated representative), and the Block Change Team must be notified of the submission and subsequent status.

The success of the Single Process Initiative depends greatly upon the speed with which the block change is implemented. Therefore, the 120-day period specified in Under Secretary of Defense (Acquisition and Technology) Dr. Kaminski's December 8, 1995, SPI memo is a goal that must be respected. There should be early interface between industry and the Government before a concept paper is submitted. However, once the CAO receives a concept paper, regardless of whether the paper is acceptable or definitive, the "clock" begins to tick. The clock cannot stop nor restart while waiting for an acceptable or definitive paper. CAOs should report receipt of the concept paper as soon as it is received and use the remainder of the initial 30-day period to obtain additional data as needed. Disagreements should be escalated up the chain of command.

A "definitive" concept paper includes the elements needed to effectively evaluate a

proposed change and allow rapid judgement by the Administrative Contracting Officer (ACO).

These elements include:

1. A description and short summary of the process to be considered.
2. Methodology to move to the proposed common process and a schedule for transition. How will the contractor implement the process? How does the contractor propose to maintain quality and schedule during the transition?
3. A summary of the proposed metrics that will be used to measure effectiveness and compliance. How will the contractor demonstrate acceptability and reliability (technical feasibility) of the process?
4. Rough order of magnitude cost benefit analysis (to include current and future costs and savings). Will implementation be advantageous (cost effective) to the Government ?
5. Impact on existing contracts and an assessment of future impacts. What is the impact (Program risk) to the Government and the contractor if the proposal is approved/disapproved ?
6. An assessment of changes required in the Government's involvement in the process.
7. Required regulatory/contractual changes.

The description should be in sufficient detail to enable the Government to determine if a more detailed cost impact proposal for current contracts will be required. If the contractor provides a "definitive" concept paper, a formal proposal is not needed and it is possible to move directly from the Proposal Development Phase outlined in Dr. Kaminski's memo to the first step in the Approval Phase.

It's important to remember that a concept paper can come in many different formats and styles because it needs to be tailored to the specific process and situation prevailing at that location. The elements listed above are to be used only as a guideline. The fact that some elements listed above may not be included in a particular concept paper does not make the paper inadequate. It is expected that additional information can be supplied during the review process. The bottom line is: time is money. Do not let preconceived ideas or checklists block the Block Change process.

As was stated earlier, this is the second in a series of SPI information sheets. We will issue more in the next few weeks to provide information on a number of topics related to this initiative. Please circulate widely. Questions concerning the Single Process Initiative can be addressed to myself at (703) 767-2471 or DSN 427-2471, or Mr. Jim Childers at (703) 767-2416 or DSN 427-2416.

(Signed)
JAMES L. BAUER
Team Leader
Block Change Management Team

April 22, 1996 file: spiinfo3.wpd

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-3

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CONSIDERATION AS IT APPLIES TO THE SINGLE PROCESS INITIATIVE

Regarding the Single Process Initiative, Under Secretary of Defense for Acquisition and Technology Dr. Paul Kaminski has reiterated the fact that the Government is entitled to consideration when there are one sided savings in the process. At a January 18, 1996 conference, Dr. Kaminski made the following statement:

..., it's my intention to obtain consideration when there are one-sided savings in the process. For most contracts that we have in place, there will be bilateral cost avoidance -- that is, the savings will be passed directly to the government; and, in the end, to the taxpayer. This occurs on cost-reimbursable contracts and cases where we have priced options that can be re-negotiated. In the case of longer term fixed-price contracts, there is a possibility of what I would describe as unilateral cost avoidance--savings would be realized by the contractor but the contract's fixed-price structure has no mechanism to automatically pass along these savings to the government. In these unilateral cases, we would seek consideration either non-monetary or as adjustments to the contract prices."

For DCMC purposes, acceptable forms of consideration have not changed as a result of SPI policy. DCMC Administrative Contracting Officers (ACOs) deal with contractual issues and situations involving consideration on a daily basis. ACOs will continue to follow the applicable laws, regulations and policies they have always adhered to. ACOs should continue to seek consideration, when appropriate, in the prescribed manner they have used in the past. For informational purposes, the following general principles are reiterated as they apply to consideration:

1. As a general statement, courts, boards and the GAO have held that the government may not give up something it has bargained for without receiving consideration. The adequacy of consideration is generally left to the discretion of the

Contracting Officer, although internal oversight organizations have reviewed, and occasionally criticized, Contracting Officers over the exercise of this discretion.

2. Consideration may take several forms. For example, consideration may be taken as reduced prices on current contracts, it may be taken as a cash refund to the government, it may be taken as a credit against existing claims, or it may be taken as a credit against contingent liabilities, etc. Some of the consideration coming from a modification that moves to a single process in a facility may be in the form of intangible benefits such as improved efficiency translating into lower operating costs and cost savings for both the contractor and the Government. These benefits, while difficult to quantify on a contract by contract basis, could form part of the consideration for block change modifications. How consideration is taken is a matter left to the sole discretion of the Contracting Officer. The Contracting Officer is limited in fashioning a solution to the issue of consideration to what is in the best interests of the Government, his/her creativity, and the willingness of the contractor to negotiate the issue.

Note: Contractors may offer consideration in the form of goods or services. Done properly, this can be an effective and appropriate method of obtaining consideration. In fact, this method is nothing new nor different from what has been used in the recent past. However, **care must be taken to avoid** augmentation of appropriations. It is recommended that consideration of this sort be closely coordinated with customers (PCOs) and District SPI Points of Contact or SWAT Team members (Legal, ACOs, Cost and Price Analysts, etc.).

3. Consideration is normally recited in contracts and modifications to contracts. The parties should spell out in all block change modifications the consideration they have agreed to, which includes the tangible and intangible benefits the parties expect to receive by moving to the common process. For example, the modification could detail the mutually agreed to level of performance commensurate with the replaced mil spec or standard. Any contractor monitoring, data accumulation, reporting or start up/transition efforts could also be described. Contracting Officers should use good judgment and sound discretion in determining the adequacy of consideration (benefit) and how best to describe it in the modification.

As was stated earlier, this is the third in a series of SPI information sheets. We will issue more in the next few weeks to provide information on a number of topics related to this initiative. Please circulate widely. Questions concerning the Single Process Initiative can be addressed to myself at (703) 767-2471 or DSN 427-2471. or Mr. Jim Childers at (703) 767-2416 or DSN 427-2416.

(Signed)

JAMES L. BAUER

Team Leader

Block Change Management Team

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SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-4

This is the fourth in a series of Single Process Initiative (SPI) information sheets. These information sheets are intended to facilitate implementation of SPI and are for internal use by Defense Contract Management Command (DCMC) personnel.

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THE SINGLE PROCESS INITIATIVE AND THE JOINT LOGISTICS COMMANDERS' ACQUISITION POLLUTION PREVENTION INITIATIVE

The Joint Logistics Commanders ' Joint Group on Acquisition Pollution Prevention (JG-APP), chartered in September 1994, has many objectives that compliment the Single Process Initiative (SPI). The JG-APP focuses on identifying common manufacturing processes across multiple component contracts that reduce and/or eliminate hazardous materials from major weapon systems. This results in environmental benefits and cost savings and avoidances throughout the weapon system life-cycle. Also, the JG-APP initiative is dependent upon block contract changes for cost effective implementation.

The JG-APP was established to ensure the development of a methodology for identifying, approving, and implementing pollution prevention opportunities across both military service and contractor facilities in acquisition of major weapon systems. Their goal is to reduce duplicative efforts and costs from multiple, uncoordinated pollution prevention projects within individual components and the private sector. The JG-APP has worked to develop common priorities and goals throughout DoD and develop a contract change process to provide cost efficient and timely adoption of commercially available alternatives. The JG-APP has also worked to meet DoD's hazardous material release goals and stem the flow of resources to environmental compliance and restoration.

The JG-APP focused its effort on current contractor design and manufacturing operations and linkages with system users and maintainers. A five-phase methodology establishing partnerships among Program Managers (PMs), contractors and DCMC Contract Administration Offices (CAOs) was developed and seven pilot programs initiated at contractor sites involving multiple component systems and multiple products. Current pilot sites include McDonnell Douglas, St. Louis, MO; Texas Instruments, Dallas, TX; Pratt & Whitney, West Palm Beach, FL; Hughes, Tucson, AZ; General Electric, Evandale, IN; and Boeing, Seattle.

The JG-APP methodology begins with voluntary participation by a major weapons system contractor and the Joint contractor/CAO identification of opportunities for potential benefits. PMs are then brought together with the contractor and the CAO to determine those identified opportunities best meeting their needs and providing the highest likelihood of success. Once everyone is onboard, technical representatives (both government and contractor) meet to further focus on materials and processes, specifically to determine what criteria a substitute material or process must pass to meet system performance standards. A Joint Test Protocol is developed which describes the laboratory and field testing requirements a qualified substitute must pass independent of existing standards and specifications (in effect a commercial standard). An agreement is then signed by each PM and the contractor(s) involved to accept the results of this testing.

The next phase is the development of a Business Strategy. PM and contractor business representatives

are brought **together to review each identified process opportunity, its benefits (both environmental and cost), testing costs, and available funding scenarios.** The basic **determinations are who (PM and contractor)** will bear what share of the cost, and what contract vehicle will be used. Products include a statement of tasks and a signed funding agreement. After performance of tests and selection of an alternative material/process, an **implementation plan is developed for both contractor and users/depots. Necessary contract modifications are** handled as block changes. This entire process may take from a few months to two years dependent upon the time necessary for testing.

Both system user and depot communities are kept informed throughout the process to reduce duplication of existing efforts and properly gauge potential cost savings/avoidances. Also the results of the testing are shared with all potential government and commercial beneficiaries and various industry associations through publication of a Joint Test Report on the World Wide Web.

The similarities between the JG-APP process and SPI are many; the JG-APP and CAOs must be alert to where the initiatives intersect . At times, pollution prevention opportunities will be identified that do not require extensive testing. In these cases, direct transfer to SPI procedures may be the best route. Also, once successful pollution prevention process improvement opportunities have passed all tests, they can then be transferred to SPI procedures for rapid block change. At Texas Instruments, for instance, outdated military specifications required the company to use High Volatile Organic Compound (VOCs) paints in both primer and top coat applications while more environmentally friendly substitutes had already been approved for depot maintenance operations. A concept paper/proposal was prepared using the SPI methodology and including component technical approvals. A block change modification was signed April 4, 1996, impacting 151 contracts. As a result, Texas Instruments was able to reduce their release of VOCs by as much as 88%. Further, the increased cost of purchasing outdated paint products will be avoided.

The success of the pollution prevention initiative is heavily dependent upon the partnering relationships established between components, contractors. DCAA, and DCMC contracting and technical personnel. Because of this relationship, the Pollution Prevention and SPI processes can be interwoven, and duplication of effort can be eliminated. CAO Management Councils should become knowledgeable of Acquisition Pollution Prevention initiatives at their sites. As the pollution prevention initiative progresses from a few pilot sites to full implementation DCMC-wide (plans to expand from the current seven pilot sites have not been finalized at this time), CAO Management Councils should be used wherever possible to effect coordinated action among the components. contractors. DCAA, and DCMC. The benefits of effectively linking the Single Process and Acquisition Pollution Prevention initiatives are more efficient, consistent, environmentally benign. stable processes; with greater ease of contract administration for both contractor and government and savings for the taxpayer.

As was stated earlier, this is the fourth in a series of SPI information sheets. We will issue more in the next few weeks to provide information on a number of topics related to this initiative. Please circulate widely. Mr. Ken Siler is the point of contact for questions concerning pollution prevention. He can be reached at (703) 767-3412 or DSN 427-3412. Questions concerning the Single Process Initiative as it relates to this issue should be addressed to me at (703) 767-2471 or DSN 427-2471, or to Mr. Mike Dudley at (703) 767-3422 or DSN 427-3422.

(Signed)

JAMES L. BAUER
Team Leader
Block Change Management Team

PART 42

CONTRACT ADMINISTRATION

SUBPART 42.2 - ASSIGNMENT OF CONTRACT ADMINISTRATION

42.202 Assignment of contract administration.

(a)(90) When a contracting activity makes an award having a dollar value of \$10,000 or more to a small disadvantaged business (SDB), whether for the first time or for an item not previously purchased from the SDB, the award will be assigned for administration to the appropriate contract administration office (CAO). (See (d)(2)(92) below.)

(91) To implement the direction of the Secretary of Defense, December 6, 1995, and the Under Secretary of Defense (Acquisition and Technology), December 8, 1995, concerning single process/block changes, such changes to technical or management requirements in DoD contracts shall be accomplished as follows:

(A) When a contractor volunteers to participate in the single process initiative, the ACO shall organize a management council consisting of CAO, DCAA, key DoD customers (notionally defined as those representing 80% of the total dollar value of affected DoD contracts at the contractor's facility), and contractor personnel to perform an initial review of the adequacy and reasonableness of the contractor's single process concept with regard to that facility. Technical feasibility (including the impact on quality, maintenance, schedule, etc.), cost effectiveness, and program risk will be addressed during the council's preliminary review. A "rough order of magnitude" cost-benefit analysis will then be performed, sufficient to permit a determination whether the proposed changes can be approved, and contracts modified, on a no-cost, block change basis. The form/ single process proposal shall be reviewed and approved by the management council prior to the issuance of block modifications to existing contracts by the ACO.

(B) When DLA has contracts at a contractor's facility where a single process proposal has been submitted by the contractor, the following procedure shall be followed:

(1) If an ICP has a sufficient dollar value of contracts to warrant its participation as a key customer in the management council established to review single process proposals at a contractor's facility, or if its participation in the management council is otherwise considered necessary and appropriate, the ACO shall request, and the ICP shall designate, in writing, an individual to serve

as its representative on the management council. The representative shall be a senior member acquisition workforce. The ICP's management council representative shall be empowered to speak on behalf of the ICP's contracting officers having cognizance of affected contracts. He/she shall request assistance, as necessary, from technical and other subject matter experts whenever a concept paper or proposal is submitted.

(2) Each ICP shall also designate, in writing, a senior member of its acquisition workforce as its team leader for single process initiative issues ("SPI team leader"). In the absence of ICP representation on the management council, the SPI team leader shall be responsible for reviewing and making recommendations on the acceptability of concept papers or proposals referred to the ICP by the ACO. (This will typically occur when there are contracts with one or more DLA ICPs at the affected facility, but the Agency is not considered a "key customer, " as defined above.) The SPI team leader shall be presumed to provide a coordinated delegation of authority for effecting block changes to the applicable DCMC component from cognizant contracting officers. Additionally, he/she may consult, as necessary, with appropriate technical and other subject matter experts prior to providing the ICP's concurrence with the proposed single process change. The SPI team leader shall be authorized to resolve disputes among that activity's contracting officers regarding concurrences/nonconcurrences with concept papers or proposals.

(3) If an ICP has the largest total dollar value of, but not the only, DLA contracts with a contractor submitting a concept paper or proposal, its management council representative (or, if the ICP has no representation on the management council, its SPI team leader) will be considered the DLA component team leader with regard to the process proposal. He/she must brief, solicit recommendations from, and achieve consensus with the other affected ICPs' SPI team leaders on the acceptability of the single process concept and proposal. This individual shall then speak on behalf of the entire Agency. When consensus cannot be reached between and among the affected ICPs, disagreements shall be elevated by the DLA component team leader, and shall be resolved by MMP.

(4) Notwithstanding that the single initiative/block change process is strongly supported at the highest levels of DoD, appointment of a DLA component team leader, ICP SPI team leader or ICP management council representative does not relieve the contracting officer of accountability for programs and contracts under his/her cognizance. Therefore, a contracting officer may appeal to MMP any single process proposal decision he/she considers antithetical to the Government's best interests, and, if necessary, may carry that appeal through MMP to the Defense Acquisition Executive or his/her designee.

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-5

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(For Information Only - Not Official Policy)

THE ROLE OF THE MANAGEMENT COUNCIL IN THE SINGLE PROCESS INITIATIVE

The role of the DCMC Contract Administration Office (CAO) Management Council is crucial to the overall success of the block change process. The primary role of the Management Council is to (i) facilitate constructive discussion regarding the general acceptability of the contractor's concept paper as a working document, (ii) assure that the interests of the contractor's entire government customer base are considered, (iii) analyze the merits and cost benefits of the proposed process change, and (iv) advise the Administrative Contracting Officer (ACO) regarding the appropriateness of entering into a Memorandum of Agreement (MOA) with the contractor when the proposed process change does not require a contract modification. Each Management Council should be comprised of senior level representatives from the CAO, the cognizant Defense Contract Audit Agency (DCAA) office, the contractor and subject matter experts from affected key customers. Key customers notionally represent 80% of the total unliquidated obligation dollar value of contracts. The Management Council is the forum to discuss and understand everyone's position, reach consensus on block changes, and manage operational improvement activities related to Reinvention Labs, Process Oriented Contract Administration Services (PROCAS) and other partnering initiatives.

The CAO should use the Integrated Product Team (IPT) concept in establishing and operating the Management Council. A CAO with responsibility for many contractors (former DCMAOs) should structure the Management Council to meet the needs of key contractors and customers based on the nature of the concept papers received. The Management Council may be restructured to meet the needs of other customers and contractors as they submit concept papers. The CAO should not attempt to pre-screen the contractor base for SPI-related activities or communications even in an office with predominately small contractors located throughout a large geographical area. A "standard letter" for ACOs to send to contractors has been forwarded to each CAO and should be sent to all contractors. The goal is to maximize SPI participation. After the ACO letter is sent to contractors, follow-up contacts should be made with contractors where multiple manufacturing or management processes exist (based on the knowledge of any CAO specialist).

Our success as the DoD SPI focal point depends greatly upon the speed with which block changes are executed. Therefore, the 120-day period specified by the Under Secretary of Defense for Acquisition and Technology, Dr. Kaminski, is a goal that the Management Council must work toward.

As such:

1. Management Councils should report the receipt of each concept paper as soon as it is received and use the remainder of the initial 30-day period to obtain additional supporting data as needed.

2. The initial CAO Management Council review of a concept paper should address the acceptability of the document in terms of its content of information needed to effectively evaluate the proposed process change and allow rapid judgement by the ACO (See SPI Information Sheet 96-1).

3. The customers should perform the detailed evaluations of the contractor's proposed technical and business processes with assistance from DCMC during the approval phase of the 120-day period.

The preferred process follows: When the contractor submits a concept paper to the CAO, it is first distributed to the Management Council. The ACO, with advice from the Management Council, will make a **rapid** decision on the viability of the proposed change. The DCAA field office will provide any financial advisory and audit services needed by the ACO to review concept papers. If the concept paper has merit, it moves to the approval phase where the Management Council requests that a Component Team Leader (CTL) be designated from the largest dollar value customer within each affected component. During this phase, the procedure is for the Management Council to request a CTL from each affected component; however, experience indicates that it is advisable to begin the process of obtaining a CTL in the proposal development phase immediately upon receipt of a concept paper. See SPI Information Sheet 96-6 for more on CTLs. The CTL should serve on the Management Council and coordinate consensus among the component's affected customers. Request letters for CTLs should be submitted to the respective Army PEO or buying command, Air Force Single Manager, Navy PEO/PM, DLA Inventory Control Point, and NASA, as appropriate.

The Management Council must be in frequent communication at the local level to assure issues are worked quickly. Disagreements between customers within and between components should be worked out as early in the process as possible. SPI SWAT teams are available to assist Management Councils when needed. The successive levels of conflict resolution are:

1. CAO Management Council;
2. The Component Team Leader responsible for coordinating a block change proposal;
3. Component Acquisition Executive (for internal component disagreement), and then;
4. Defense Acquisition Executive (for DoD component disagreements).

Conflict resolution between DoD components should occur within the 120-day time period specified in Dr. Kaminski's memo. [Note: This pertains to disagreements between DoD components, not between the Government and the contractor. The SPI process does not include a contractor appeal process if Government representatives agree that a proposal is not acceptable.]

Please circulate widely. Questions concerning the Single Process Initiative can be addressed to myself at (703) 767-2471 or DSN 427-2471, or Mr. Mike Dudley at (703) 767-3422 or DSN 427-3422.

(Signed)

JAMES L. BAUER
Team Leader
Block Change Management Team

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-6

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THE ROLE OF THE COMPONENT TEAM LEADER (CTL) IN THE SINGLE PROCESS INITIATIVE (SPI)

The SPI implementing guidance issued by the Under Secretary of Defense for Acquisition and Technology, Dr. Kaminski, designates DCMC as the lead facilitator and builds the block change process on existing structures within the Military Service Components and the Office the Secretary of Defense. Dr. Kaminski designed the process to create a sense of urgency in streamlining processes with emphasis on early customer involvement and interface. To accomplish this objective, the DCMC Management Council, upon receipt of a concept paper will advise the Administrative Contracting Officer (ACO) on the viability of the proposed process change to enable the ACO to make a rapid judgement. If the concept paper has merit, it moves to the approval phase where the Management Council requests that a CTL be designated from the largest dollar value customer within each affected component. In the case of NASA contracts, each affected Center Director will designate a focal point to act as the liaison between the DCMC CAO and the NASA project office. Although the procedure is for the Management Council to request a CTL from each affected component during this phase, experience indicates that it is advisable to begin the process of obtaining a CTL in the proposal development phase immediately upon receipt of a concept paper.

Each CTL is responsible, within the respective component, for coordinating and facilitating consensus among all affected component customers; determining the technical acceptability of the proposed block change; and obtaining necessary programmatic authorizations. Each component affected by a concept paper from a prime contractor should have a CTL designated and granted decision authority by the Component Acquisition Executive (CAE) to represent the component customer base. Once designated, the CAO should immediately notify each affected customer of the identity of the CTL. When requested, the CAO should also provide a copy of the concept paper to affected customers. The CTLs and other members of the Management Council work as a team to facilitate the review and approval of concept papers, and ensure a timely block change modification process. The NASA designated focal point serves much like the designated service CTL in receiving the concept paper, ensuring that the concept paper is reviewed by the appropriate personnel, serving on the Management Council, coordinating and advising appropriate NASA personnel, and ensuring that timely responses are provided to DCMC.

The CTL is responsible to elevate internal component issues for resolution, as necessary, through the CAE. Conflicts between different components should be elevated to the Defense Acquisition Executive (DAE) for resolution. Once technical issues are resolved, all affected customers should be notified of the pending process change and PCOs should be furnished a copy of the draft block change modification before it is executed by the ACO. When the proposed change is agreeable to the government but does not require a contractual modification, the ACO should execute a Memorandum of Agreement with the contractor which sets forth the details of the process change. In addition, the ACO should follow applicable laws, regulations and policies in seeking and subsequently negotiating consideration when significant savings will result from the process change. The ACO should continue to use sound business judgement in determining when and how much consideration is appropriate, and how best to describe it in the block change modification. In addition to the consideration agreed to, which sets forth the tangible and intangible benefits the parties expect to receive as a result of implementing a common process, each block change modification should include a listing of contracts impacted by the change. See SPI Information Sheet 96-3 for more on consideration.

The following guidance has been issued on the designation of CTLs:

1. SECDEF memo, Common Systems/ISO-9000/Expedited Block Changes, December 6, 1995.
2. USD(A&T) memo, Single Process Initiative, December 8, 1995;
3. DCMC memo, Adoption of Common Processes at Defense Contractor Facilities, December 11, 1995;
4. ASA(RD&A) [Army] memo, Common Process Facilities Initiative, December 21, 1995;
5. SAF(AQ) [Air Force] memos, Common Systems/ISO-9000/Expedited Block Changes, January 3, 1996, and Implementation of the Single Process Initiative, March 20, 1996;
6. ASN(RD&A) [Navy] memo, DON Implementation of Department of Defense Policy on Single Process Initiative, February 5, 1996;
7. DCAA memos, Participation in the Common Process Initiative, January 30, and February 16, 1996;
8. DLA-MMPOA memo, Adoption of Common Processes at Defense Contractor Facilities, February 29, 1996; and
9. NASA memo, Acquisition Reform: Single Process/Block Changes, May 17, 1996.

Please circulate widely. Questions concerning the Single Process Initiative can be addressed to myself at (703) 767-2471 or DSN 427-2471, or Mr. Mike Dudley at (703) 767-3422 or DSN 427-3422.

(Signed)
JAMES L. BAUER
Team Leader
Block Change Management Team

SINGLE PROCESS INITIATIVE DCMC Information Sheet 96-07

This is the seventh in a series of Single Process Initiative (SPI) information sheets. These information sheets are intended to facilitate implementation of SPI and are for internal use by Defense Contract Management Command (DCMC) personnel.

(For Information Only - Not Official Policy)

THE MODIFICATION PROCESS

This information sheet describes a recommended process for modifying certain contracts under the Single Process Initiative (SPI). The process allows for the use of a unilateral ARZ Administrative Modification as described in FAR Part 204.7004(c)(5), even though the modification may not necessarily be administrative in nature.

In performing Block Changes to contracts, contractors first submit recommended process changes as Concept Papers. After technical agreement has been reached by all affected parties, the cognizant Administrative Contracting Officer (ACO) can then modify all applicable contracts at a given facility. Authority to do so is provided in the USD(A&T) letter dated Dec 8, 1995, Single Process Initiative. This process is to be used for NO ACTION mods only, that is, modifications that do not change MOCAS data elements. If contracts require equitable adjustments, they should be processed using a separate Supplemental Agreement after negotiations have been concluded.

It is recommended that the block change modification be issued as soon as possible so that the Government and contractor can begin reaping benefits from any cost savings/avoidances. Even in those cases where savings are significant and require further negotiations, the ACO should still issue an initial block change modification and then definitize the action with a Supplemental Agreement as soon as practical thereafter. In such cases, the initial block change modification must contain language that preserves the Government's entitlement to an equitable adjustment or other appropriate consideration.

The modification language should be drafted by the ACO and furnished to the contractor and all affected Procurement Contracting Officers (PCOs) prior to execution. This should be done as early as possible while the Concept Paper is in coordination. Contact your District FASST team representatives for a sample mod before it is drafted.

The ACO should ensure that the Government Legal office reviews the modification as well.

It is recommended that a Memorandum of Agreement (MOA) be drafted that describes the proposed modification and implementation schedule. A list of affected contracts, if different than the entire listing of contracts at a facility, should be attached. After the ACO and the contractor sign the MOA, the Standard Form (SF) 30, Amendment of Solicitation/Modification of Contract, should be coordinated with the DFAS Contract Entitlement Directorate Systems Office, DFAS-JXS and the District FASST. MOCAS will automatically issue the correct ARZ number for each contract. An alternative process is to issue a Bi-lateral Class Modification, but this would require listing the sequential modification number for each contract at a facility.

On the SF-30, please leave block 2, Amendment/Modification No. blank when executing an ARZ modification. In block 10A, Modification or Contract/Order No., cite a reference to the attached list of contracts if necessary. The MOA and list of contracts should be referenced in and included as an attachment to the SF-30. Cite the USD(A&T) letter in block 13 as authority for the modification. In block 14, Description of Amendment/Modification, briefly describe the attached MOA between the Government and contractor.

For Concept Papers that do not require contract modifications, a Memorandum of Understanding (MOW) can be drafted and signed by the ACO and contractor to implement the process changes proposed.

Please direct any questions to the Block Change Team at (703) 767-2471 or DSN 427-2471.

JAMES L. BAUER
Team Leader,
Block Change Management Team

SINGLE PROCESS INITIATIVE Information Sheet 96-8

This is the eighth in a series of Single Process Initiative (SPI) information sheets. These information sheets are intended to facilitate implementation of SPI and are for internal use by Defense Contract Management Command (DCMC) personnel.

(For Information Only - Not Official Policy)

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) INVOLVEMENT IN THE SINGLE PROCESS INITIATIVE

NASA is a valued Civilian Agency customer of the Defense Contract Management Command. NASA is also an important partner in the DoD SPI process. On May 17, 1996, Mr. Goldin, NASA Administrator, issued SPI implementing guidance expressing his enthusiastic support for SPI and intent to cooperate with DCMC in the implementation process. Since this time, we have been involved in SPI meetings at NASA Headquarters and their Space Flight Centers.

Our implementing guidance stresses the importance of early customer notification and involvement in processing contractors' concept papers. NASA has requested that they be involved in the concept paper review process at the earliest practical time when NASA contracts are, or may be, affected. Therefore, regardless of the dollar value of NASA contracts, the cognizant NASA Space Flight Center should be invited to participate on the Management Council.

NASA's INTERNAL PROCESS:

Each NASA Center Director has appointed a focal point for implementing SPI. The Center focal point acts as the liaison between the DCMC CAO and the affected NASA project offices; receives the concept papers from DCMC; ensures that the concept papers are reviewed by the appropriate personnel; serves on, or designates, a member to serve on the DCMC Management Council; coordinates with other NASA Centers, as appropriate; and assures a timely response back to DCMC.

For each project/program, the cognizant NASA Contracting Officer (CO), together with the Program Manager, will review each proposed block change for approval. Unless the affected process is required by a NASA Management Instruction or the NASA FAR Supplement, no higher level of approval is necessary. However, any non-approval must be reviewed by the Center Director. Once the principals agree to the single process, the NASA CO's written approval, including any delegations deemed necessary, will be conveyed to DCMC for implementation within a contract block change.

DCMC PROCESSING OF CHANGES AFFECTING NASA CONTRACTS:

If only one or two project offices are affected by a proposed process change, the ACO should invite each of the PMs to participate on the Management Council. If several projects at a single NASA Center are affected, then the invitation should be extended to the designated Center SPI POC who will coordinate a project-by-project response. If more than one Center is affected, then invitations should be extended to each Center POC. Where a Lead Center

relationship exists, a representative of that Lead Center should represent all affected NASA contracts.

MODIFYING NASA CONTRACTS:

The NASA Administrator's May 17, 1996 letter provides authority for DCMC ACOs to modify NASA contracts once the DCMC ACO receives written concurrence from the NASA CO. The ACO can accomplish this using the block change modification process.

CONSIDERATION:

The DCMC ACO will typically develop an estimate of the total consideration due on all affected Government contracts. This amount will be apportioned to affected contracts after discussion with Component Team Leaders and the NASA focal point. The DCMC ACO will then negotiate consideration with the contractor.

Please direct any questions to the Block Change Management Team at (703) 767-2471 or DSN 427-2471.

JAMES L. BAUER
Team Leader
Block Change Management Team